

IRREVOCABLE STANDBY LETTER OF CREDIT NO. ZSB802065

Date: September 12, 2007

STATE OF UTAH
UTAH DIVISION OF OIL, GAS AND MINING (DOGM)
("DIVISION")
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

PIC
M/003/064

Dear Sir/Madam:

At the request of SAWTOOTH STONE, LLC, 466 WEST 1000 SOUTH, BURLEY, ID 83318, we, ZIONS FIRST NATIONAL BANK ("Bank") hereby establish our Irrevocable Standby Letter of Credit ("Letter of Credit") in your favor up to an aggregate amount of Thirty-Seven Thousand Four Hundred and 00/100 United States Dollars (USD37,400.00). This credit is available for payment against presentation of your draft(s) at Sight drawn on Zions First National Bank, bearing the clause: "Drawn under credit No. _____ of ZIONS FIRST NATIONAL BANK".

1. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m (Los Angeles time) on August 24, 2008, or (b) the date upon which sufficient documents are executed by the Division to release Sawtooth Stone, LLC ("Operator") from further liability for reclamation of Sawtooth DOGM Permit No. M0030067 with notice to Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.
2. This Letter of Credit will be automatically extended, without amendment, for successive periods of one year from the current or any future expiration date unless at least ninety(90) days prior to such expiration date, we notify the Division in writing, by certified mail or courier service that we elect not to renew this Letter of Credit for any additional period.
3. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. ZSB802065 delivered to the office of the Bank, 550 South Hope Street, 3rd Floor, Los Angeles, CA 90071. At the Division's sole election, the Division may present sight drafts for less than the Credit Amount so long as the aggregate amount of all sight drafts does not exceed the Credit Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division
4. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 3 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 3 of this Letter of Credit, available to the Division no later than the close of business, Los Angeles time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify "Business Day" means any day that is not a Saturday, Sunday or other day on which commercial bank in the State of California are authorized or required by law to close.
5. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements, which could result in suspension or revocation of the Bank's charter or license to do business.

RECEIVED**SEP 18 2007**☒ **APPROVED**

DIV. OF OIL, GAS & MINING

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

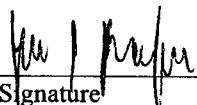
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6. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice of Documentary Credit, 2007 revision, International Chamber of Commerce Publication No. 600, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

7. All communications regarding this Letter of Credit will be addressed to ZIONS FIRST NATIONAL BANK, International Operations, 550 South Hope Street, 3rd Floor, Los Angeles, CA 90071 Telephone (213) 593-2131, (213) 593-2130 or (213) 593-2128, referencing Letter of Credit No.

8. In the event the Bank gives notice to the Division that the expiration date of the Letter of Credit will not be extended, the Division may, until the current expiration date of the Letter of Credit, draw under the Letter of Credit against its sight draft(s) in accordance with the Provision of Paragraph 3.

Sincerely,
ZIONS FIRST NATIONAL BANK



Authorized Signature

Jean Rafols
Assistant Vice President

EXHIBIT A – SIGHT DRAFT

To
Letter of Credit Number; _____

Date

Letter of Credit No.

City, County

PAY TO THE ORDER OF: Utah Division of Oil, Gas and Mining (DOGM)

DOLLARS

TO: ZIONS FIRST NATIONAL BANK
International Operations
550 South Hope Street, 3rd Floor
Los Angeles, California 90071

Utah Division of Oil, Gas and Mining (DOGM)
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

By: _____
Authorized Signature

EXHIBIT B

To
Letter of Credit Number _____

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Credit Amount, and (4) the amount to be drawn is necessary to assure or complete reclamation of the _____ name of mine, number _____ (DOGM issued permit number) in accordance with applicable law.

The Utah Division of Oil, Gas and Mining (DOGM)

By: _____
Authorized Signature

Date: _____